

Mission

The Missouri Public Service Commission (PSC) regulates investor-owned public utilities operating in Missouri. The PSC has the statutory responsibility for ensuring that customers receive adequate amounts of safely delivered and reasonably priced utility services at rates that will provide the companies' shareholders with the opportunity to earn a reasonable return on their investment. The PSC must balance a variety of often competing private interests to ensure the overall public interest.

Jurisdiction and Goals

The Missouri Public Service Commission was created in 1913 by the Public Service Commission Law, now Chapter 386 of the Missouri Revised Statutes. Today, the PSC regulates over 1,000 investor-owned electric, natural gas, telephone, and water and sewer utilities. In addition, the PSC regulates the state's 46 rural electric cooperatives and 42 municipally-owned natural gas utilities for operational safety. The PSC also regulates the manufacturers and dealers of manufactured and modular homes.

The PSC also oversees service territory issues involving investor-owned electric utilities, rural electric cooperatives and municipally-owned electric utilities as well as investor-owned water and sewer utilities and public water supply districts. Under federal law, the PSC acts as a mediator and arbitrator of local telephone service disputes regarding interconnection agreements.

Virtually every Missouri citizen receives some form of utility service from an investor-owned public utility company. Utility services and infrastructure are essential to the economy of Missouri. They provide heating and cooling during extreme temperatures. They offer access to emergency services and vital information systems. They provide safe drinking water and assure the environmentally sound disposal of wastewater. Because utilities fulfill these essential needs, the PSC must assure the ratepaying public that quality services



PSC Commissioners meet twice weekly in agenda sessions--open to the public--to discuss, consider evidence and vote on pending utility cases.

will be available on a nondiscriminatory basis at just and reasonable rates.

Commissioners

The PSC consists of five commissioners who are appointed by the Governor with the advice and consent of the Missouri Senate. The Governor designates one member as the Chair who serves in that capacity at the pleasure of the Governor.

Commissioners are appointed to six-year terms. These terms are staggered so that no more than two terms expire in any given year.

The PSC is both quasi-judicial and quasi-legislative. The PSC is responsible for deciding cases brought before it and for the promulgation of administrative rules and their enforcement. Many of the PSC's duties are performed by conducting hearings in contested cases, which by statute must be transcribed by a court reporter. Hearings are conducted in a trial-

like setting using evidentiary standards under the Missouri Administrative Procedures Act. The PSC must render decisions in a timely manner to afford all parties procedural and substantive due process, and comply with statutory time limits.

Legislation enacted in 2003 provides, for the first time, statutory authority for independent advisors who report directly to commissioners and assist them with contested cases. The new law requires the Commission to hire up to six individuals with expertise in accounting, economics, finance, engineering, utility operations, legal or public policy issues. The law also allows each commissioner to hire a similarly qualified personal advisor who serves at each commissioner's pleasure.

The PSC Staff

The Commission is assisted by a staff of professionals in the fields of accounting, consumer affairs, economics, engineering, finance, law and management. Duties range from helping individual consumers with complaints to investigating multi-million dollar utility rate requests.

The Staff participates as a party in all cases before the PSC. It conducts audits of the books and records of utilities and makes recommendations to the PSC as to what type of rate increase, if any, should be granted. PSC Staff recommendations, like those filed by other parties to a proceeding, are evaluated by the Commissioners in reaching a decision in a complaint case or rate case. The PSC has established standards for safety and quality of service to which companies must adhere. Routine and special investigations of utilities are conducted by the PSC Staff to ensure compliance.

Utility-Related Legislation

In 2003, the General Assembly enacted and the Governor signed new legislation relating to utilities (SS/SCS/HB 208). The following is a summary of that legislation.

- An aluminum smelter owned by Noranda Corporation and located in New Madrid has the right to purchase electricity from any supplier with no PSC jurisdiction.
- Allows municipal systems to purchase electricity and ancillary services.

- Provides an independent technical advisor pool and individual advisors for Commissioners, if hired by July 1, 2005 as specified in the bill.

- Clarifies appropriate communications with Commissioners in contested cases and at other times.

- Restricts an investor-owned utility company's HVAC service territory, when using its own employees or through an affiliated entity, to the geographic area where it actually supplied service on a regular basis before August 28, 1993.

- Authorizes telecommunications companies to offer customers term agreements of up to five years and "winback" discounts and special pricing to any new and former customers.

- Repeals PSC jurisdiction over Citizens Electric Corporation.

- Assures that school districts joining together to buy natural gas are not responsible for pipeline capacity charges for longer than is required of large industrial customers or commercial basic transportation customers and requires the Commission to treat a gas company's pipeline capacity costs the same for all three customer groups.

- Authorizes infrastructure recovery surcharges for all PSC-regulated natural gas companies and for Missouri-American Water Company's St. Louis County customers.

- Allows steam companies to use PSC small rate case process.

PSC receives national award

In ceremonies held in Washington, D.C. in October 2002, FileNet Corporation honored the Missouri Public Service Commission with its prestigious Chief Technology Officer Award. The Commission's Electronic Filing and Information System (EFIS) received the top honor for best and most innovative solutions using FileNet products.

The Commission was selected over 950 other United States companies as well as companies representing 25 other countries.

According to FileNet, the Commission's EFIS project is the largest web-based business management portal in the United States. At the time the award was presented, the Missouri Public Service Commission was the first regulatory commission in the country to provide this comprehensive electronic filing application process.

PUBLIC SERVICE COMMISSION

In FY2003, more than 28,000 transactions were made in EFIS:

- 557 new cases entered into EFIS
- 7,125 case-related filings were made in EFIS
- 14,033 consumer quality/complaint related filings were made
- 2,566 registration-related submissions

Governor Office Building takes energy from the sun

In October 2002, the Missouri Public Service Commission, the Missouri Department of Natural Resources, the Missouri Office of Administration and AmerenUE announced a joint effort which resulted in the installation and use of a photovoltaic array on the roof of the Governor Office Building. This photovoltaic array converts sunlight into electricity. PSC offices are located in the Governor Office Building in Jefferson City.

In bright sunlight, this array will produce approximately 2,100 watts of power (2,100 watts of power can also run: twenty-one 100 watt light bulbs; one 1,500 watt hair dryer and six 100 watt light bulbs; or five desktop computers with monitors). In one year, this photovoltaic array is capable of producing 3,750 kilowatt hours of electricity which is about one-third the average annual household electricity use in Missouri.

The photovoltaic array is connected to AmerenUE's grid through an inverter which provides the necessary safety, reliability and performance.

PSC hosts utility regulation delegation from Jamaica

A delegation of utility experts from the Office of Utilities Regulation of Jamaica were guests of the Missouri Public Service Commission in May as part of an energy partnership program administered through the United States Energy Association and funded by the United States Agency for International Development.

The Missouri Public Service Commission, along with the Rhode Island Public Utilities Commission, signed a memorandum of understanding to participate



J. Paul Morgan, director general of the Jamaica Office of Utilities Regulation, talks with PSC Commissioners and Staff.

in a one-year energy partnership program with the Office of Utilities Regulation of Jamaica.

This is the first time the Missouri Public Service Commission has been involved in this international energy partnership program.

The seven-member delegation from Jamaica received an overview of the Missouri Public Service Commission, its structure, its management of the regulatory process and the role the Public Service Commission plays in Missouri.

The Commission also provided information regarding the PSC's state-of-the-art electronic filing system comparing it with technology systems being considered by the Office of Utilities Regulation of Jamaica.

The Energy Partnership Program is designed to transfer experience and information from United States utilities and regulatory agencies to overseas utilities and regulatory agencies in an effective and efficient manner, and to foster a long-term sustainable relationship between the partners.

PSC Chairman receives Governor's Torch of Excellence Award

Chairman Kelvin Simmons received the Governor's Torch of Excellence Leadership Award on April 28, 2003, for innovative policies and procedures implemented by the Public Service Commission.

Under the Chairman's direction, the Missouri Public Service Commission has recognized the importance of diversity as demonstrated by its specific articulation and inclusion as one of the agency's fundamental values. The PSC has provided diversity training to its staff on a regular basis, as well as included advertising in minority publications in its recruitment procedures. All new PSC employees receive "baseline" diversity training within two weeks of being hired at the Commission.

As part of its overall commitment to diversity, the Commission has also encouraged its employees to solicit bids from minority vendors during the competitive bid process.

State guidelines exist for state agencies regarding the awarding of contracts (or purchases) to minority and women-owned businesses. The Missouri Public Service Commission has continually exceeded those goals.

In FY 03, 31.3 percent of Commission purchases were from minority-owned businesses, and 9.9 percent from women-owned businesses, for a total of 41.2 percent minority purchases.

PSC Diversity Initiative

The Commission submitted a decision item in its FY 03 budget request for two additional FTE to support a Diversity Initiative. Organizational changes and internal FTE redirection provided the PSC with sufficient core funding so only the two FTE were needed.

With two additional FTE approved by the legislature, the Commission now has the flexibility to partner with local colleges and universities (for example, Lincoln University and the University of Missouri-Columbia) to recruit minority students interested in work-study, or paid or unpaid internships with the Commission. Three students have been hired since the program's inception.

It is the Commission's goal to retain the minority college students by offering them promotional and career progression opportunities within the PSC upon



PSC chairman Kelvin Simmons was presented the Torch of Excellence Award by Gov. Bob Holden. Also, pictured is Jackie White, Commissioner of Administration.

graduation from college. With a more diverse workforce, the Commission can seek out its employees' viewpoints in order to better understand differences in culture, languages, problems, and the priorities of Missouri citizens served by the PSC.

Missouri receives high ranking in broadband deployment

Missouri ranked third behind only Michigan and Florida in those states that encourage the deployment of broadband networks in the United States according to a state broadband index released in July 2003, by The Technology Network.

According to a news release issued on the state-by-state ranking, TechNet based its rankings on the key role that states can play in making broadband technology available to Americans. The release noted that the report ranked the top 25 states, in part, on the extent to which their public policies spur or impede broadband deployment and demand.

The Technology Network is a national network of more than 200 CEOs and senior executives in high technology and biotechnology industries.

Public Information and Education Department

The Public Information and Education Department provides educational materials to consumers and information on utility regulation to members of the news media.

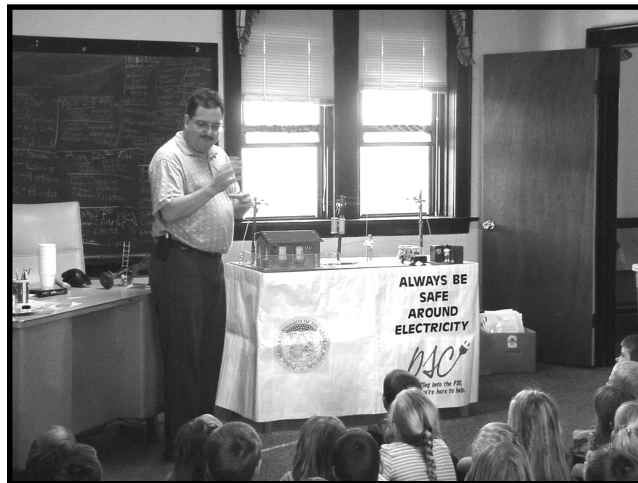
As part of its function, the Public Information and Education Department issues press releases on Commission decisions and provides detailed information sheets that are used at local public hearings conducted throughout Missouri.

During the past fiscal year, the Public Information and Education Department expanded its catalog of consumer fact sheets designed to provide information to ratepayers. The department began its second year of publishing a quarterly newsletter that provides utility-related information pieces for consumers.

The department also worked with the Information Services staff to redesign the PSC website to make information easier to access. An “i” icon was added to the PSC website. This provides quick links to consumer-related information.

Once again, the department provided key support during local public hearings. As part of that local public hearing process, the department facilitates an open question-and-answer session prior to the actual local public hearing to give consumers the opportunity to ask questions about a rate case before the Commission.

The Public Information and Education Department also operates a list service, which allows the media and consumers to get press releases and other consumer information electronically as soon as the Commission issues it.



Public Information Coordinator Gregg Ochoa shows elementary school students electric safety as part of a classroom demonstration.

Each year, the Public Information and Education Department coordinates the Public Service Commission booth at the Missouri State Fair in Sedalia. This PSC fair booth gives consumers from across the state an opportunity to speak one-on-one with PSC Staff about any utility questions and/or problems.

As part of its public awareness program, the Public Information and Education Department visited local schools, talking to students about how to be safe around electricity.

The Public Information and Education Department also coordinated 16 town hall meetings around the state to educate consumers about the potential for higher natural gas prices this winter.